

Message Text

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70

ORIGIN AID-05

INFO OCT-01 NEA-09 ISO-00 AGR-05 EB-07 L-02 SP-02 CIAE-00

INR-07 NSAE-00 H-02 SS-15 NSC-05 IO-10 /070 R

DRAFTED BY SDA/FAS:HNORTON:AID/FFP/FRD:AMERCK

APPROVED BY EB/OF/FFD:RESERVICE

EB/OF/FFD:RMCMULLEN

NEA/EGY:LSEMAKIS

USDA/FAS:AMEAD

NEASA/ME:FGILLESPIE (SUBS)

USDA:DTIERNEY

USDA:HLKOELLER

----- 052167

P 252203Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO PRIORITY

LIMITED OFFICIAL USE STATE 096528

E.O. 11652:

TAGS: EAID, EAGR

SUBJECT: PL 480 TITLE I WHEAT/WHEAT FLOUR ISSUE

REF: (A) STATE 058455, (B) CAIRO 3229, (C) CAIRO 3990
(D) CAIRO 4137

1. MR. A.S. EL-NAHAL, MINISTER COUNSELOR OF THE EGYPTIAN EMBASSY WASHINGTON CALLED ON USDA TO REQUEST ISSUANCE OF PURCHASE AUTHORIZATIONS FOR 300,000 MT OF WHEAT UNDER APRIL 1 TITLE I AMENDMENT.

2. MR. NAHAL RECEIVED SPECIFIC INSTRUCTIONS FROM EGYPTIAN MINISTRY OF SUPPLY TO REQUEST IMMEDIATE ISSUANCE OF PURCHASE AUTHORIZATIONS FOR 300,000 MT OF WHEAT REPEAT WHEAT, WITH 150,000 MT FOR SHIPMENT IN MAY AND ANOTHER 150,000 MT IN JUNE. WHEN ASKED ABOUT THE WHEAT FLOUR COMPONENT FOR LIMITED OFFICIAL USE
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THE PURCHASE AUTHORIZATION, HE SEEMED PUZZLED AND ADVISED USDA THAT EGYPTIAN EMBASSY, WASHINGTON HAD NOT REPEAT NOT BEEN APPRISED OF THIS MATTER NOR THE DETAILS OF NEGOTIATIONS FOR THE APRIL 1 AMENDMENT-

3. IN TURN, USDA NOTED THAT BOTH MATBOULI AND APPARENTLY MAKAWI (PARA 5 REF C) WERE IN PRINCIPLE, AGREEABLE TO WHEAT FLOUR IMPORTS IN MAGNITUDE OF 100,000 MT (EXCERPTS FROM REFS A AND B WERE GIVEN TO NAHAL FOR USE IN REPORTING THIS MATTER TO MINISTRY OF SUPPLY). NAHAL REPEATED THAT

HE HAD NOT RECEIVED INSTRUCTIONS REGARDING WHEAT FLOUR, BUT NOTED THAT THERE WAS A POTENTIAL DIFFICULTY WITH HIGHER FREIGHT COSTS FOR SHIPMENTS OF WHEAT FLOUR TO EGYPT; ASKING IF THERE WAS SOME WAY THE U.S. GOVERNMENT COULD SUBSIDIZE SHIPMENTS TO OFFSET THESE COSTS. USDA RESPONDED NEGATIVELY, BUT NOTED THAT PORT CONGESTION PROBLEM IN ALEXANDRIA CAN, IN PART, BE ATTRIBUTED TO DIFFICULT MOVEMENT OF WHEAT GRAIN FROM PORTS TO MILLERS, AND THAT WHEAT FLOUR COULD OFFER GOE OPPORTUNITY TO MOVE DIRECTLY TO BAKERS AND INDUSTRIAL USERS.

4. NAHAL AGREED TO COMMUNICATE DIRECTLY WITH MINISTRY OF SUPPLY, EGYPTIAN GOVERNMENT ON WHEAT FLOUR SITUATION NOTING (A) THE PROVISIONS OF THE TITLE I AMENDMENT, AND (B) THE FACT THAT U.S. GOVERNMENT/U.S. MILLING INDUSTRY CONSIDERS THE MOVEMENT OF WHEAT FLOUR TO EGYPT TO BE SIGNIFICANT AND MOST IMPORTANT.

5. NAHAL ASKED ABOUT POSSIBILITY OF SHIPPING 150,000 MT OF WHEAT FOR MAY WITH REMAINING 150,000 MT LEFT OPEN UNTIL WHEAT/WHEAT FLOUR QUESTION IS RESOLVED. USDA INDICATED STRONG DESIRE TO SETTLE THE WHEAT FLOUR ISSUE PARTICULARLY SINCE U.S. WHEAT FLOUR/MILLING INDUSTRY IS CLOSELY FOLLOWING THIS MATTER. NAHAL THEN ASKED ABOUT THE POSSIBILITY OF SHIPPING 150,000 MT OF WHEAT UNDER ONE PA AND 150,000 MT OF WHEAT EQUIVALENT IN WHEAT FLOUR UNDER THE OTHER PA. USDA SAID IT WOULD BE WILLING TO CONSIDER THIS PROPOSAL PENDING GOE RESPONSE ON THE QUESTION OF WHEAT/WHEAT FLOUR.

6. NAHAL ALSO NOTED THAT PORT SAID IS EXPECTED TO OPEN ABOUT JUNE 5 TH AND WILL BE ABLE TO HANDLE BAGGED COMMODITIES(HE REFERRED TO EXPORT OF BAGGED RICE AND ONIONS). (COMMENT: SINCE WHEAT FLOUR WOULD BE BAGGED, COULD PORT SAID BE USED AS AN ALTERNATIVE TO HANDLE LIMITED OFFICIAL USE
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WHEAT FLOUR AND POSSIBLY BY PASS ALEXANDRIA PORT CONGESTION?)

7. RE PARA 3 REF C. WE NOTED (TO NAHAL) IMPORTANCE OF MOVING 300,000 MT OF WHEAT/WHEAT FLOUR BY JUNE 30 AND WHILE WE WOULD CONSIDER AN EXTENSION OF A PA BEYOND JUNE 30, WE CERTAINLY HOPE TO AVOID IT. SHIPMENTS AFTER JUNE 30 ARE COUNTED TOWARD FY-76 BUDGET AND COULD HAVE EFFECT OF REDUCING NEW PROGRAMMING GLOBALLY FOR FY-76.

8. INFO CONTAINED PARA 3 REFTL (D) IS INCORRECT. PA FOR 300,000 MT WHEAT WAS NOT RPT NOT ISSUED APRIL 22. CURRENT PLAN IS TO ISSUE PA FOR 150,000 MT EARLY NEXT WEEK. IN REQUESTING THIS (CONVERSATION TODAY) NAHAL SAID HE THINKS WHEAT FLOUR CAN BE ACCOMODATED IN FINAL PA.

9. ABOVE CAN BE USED IN DISCUSSION WITH SHAZLI. DESPITE
SHAZLI PLEA WE CONTINUE BELIEVE SIGNIFICANT PORTION OF 300,
000 MT WHEAT SHOULD BE PROVIDED IN FORM OF WHEAT FLOUR.
EMBASSY SHOULD ATTEMPT OBTAIN GOEACCEPTANCE OF WHEAT
FLOUR IMPORTS IN 100,000 MT RANGE. KISSINGER

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Message Attributes

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